

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7461**

**BILL NUMBER: SB 370**

**NOTE PREPARED: Jan 23, 2009**

**BILL AMENDED:**

**SUBJECT:** PERF/TRF Administrative Matters.

**FIRST AUTHOR:** Sen. Kruse

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** \_\_\_ GENERAL  
**X** DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill:

- (1) allows a vested member of the Teachers' Retirement Fund (TRF) who terminates covered employment to elect to withdraw the entire amount in the member's annuity savings account (ASA) before the member is eligible to do so at retirement and receive a pension at retirement;
- (2) requires TRF and the Public Employees' Retirement Fund (PERF) to adopt a policy to require direct deposit or another approved method as the preferred way for a member or beneficiary to receive benefits, including an alternative payment method for a member or beneficiary who provides satisfactory evidence to the PERF or TRF board that the member or beneficiary is unable to receive monthly benefits by direct deposit or another approved method;
- (3) requires that payment of an estimated retirement benefit be at least 85% of the actual benefit. (Currently, the payment must be 85% of the actual benefit.);
- (4) requires that a PERF member who elects not to purchase an annuity or receive the balance in the member's ASA before retirement must receive the entire amount in the member's ASA at retirement. (Currently, a member can defer receipt of the ASA.);
- (5) allows annual payment of a monthly benefit that does not exceed \$5;
- (6) provides that a PERF member who is reemployed in a covered position after retirement continues to receive retirement benefits while reemployed;
- (7) provides that a supplemental benefit based on the member's reemployment is eliminated;
- (8) denies a member's application for retirement benefits if, on or before the date the member files the application, the member has an agreement with a covered employer to become reemployed in a covered position;
- (9) eliminates the Treasurer of State as the treasurer of PERF and reassigns the treasurer's duties to the PERF Board and Executive Director;

- (10) provides that liability for a PERF member's unfunded service credit is charged against the employer's account;
- (11) specifies the date a TRF member returns to active teaching service or teacher education for purpose of earning military service credit;
- (12) makes conforming and technical corrections; and
- (13) repeals provisions concerning a supplemental retirement benefit and the Treasurer of State's role as PERF treasurer.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** (2) Requiring PERF and TRF to adopt a policy to require direct deposit for receipt of benefits will save an estimated \$79,000 per year for PERF and an estimated \$22,000 per year for TRF. The funds affected are the administrative funds for both PERF and TRF.

(4) Requiring that a PERF member who elects not to purchase an annuity must receive the entire amount in the member's ASA at retirement and (7) providing that a supplemental benefit based on the member's reemployment is eliminated will result in an estimated annual savings of \$45,000. The fund affected is the PERF Administrative Fund.

(9) Eliminating the Treasurer of State as the treasurer of PERF and reassigning the treasurer's duties to the PERF Board and Executive Director will save an estimated \$8,000. The fund affected is the PERF Administrative Fund.

(1) Allowing a vested member of TRF who terminates covered employment to elect to withdraw the entire amount in the member's annuity savings account may have a negligible fiscal impact. The number of TRF members who have done this in the past is very small.

(3) Requiring that payment of an estimated retirement benefit for both PERF and TRF be at least 85% of the actual benefit will have no fiscal impact on either fund. This allows PERF and TRF to pay more of the benefit to the member.

(5) Allowing annual payment of a monthly benefit that does not exceed \$5 may impact the Administrative Funds of both PERF and TRF, but not in a significant amount.

(6) Providing that a PERF member who is reemployed in a covered position after retirement continues to receive retirement benefits while reemployed will have no material fiscal impact.

(8) Denying a member's application for retirement benefits if the member has an agreement with a covered employer to become reemployed in a covered position will delay benefits until the member retires. The impact will depend on the amount of the benefits involved and the number of people involved. The funds affected are the respective benefit funds for PERF and TRF.

(10) Providing that liability for a PERF member's unfunded service credit is charged against the employer's account will have no fiscal impact as it provides clarification and codifies existing practices.

(11) Specifying the date a TRF member returns to active teaching service or teacher education for purpose of earning military service credit will have no fiscal impact and clarifies exactly how a member's military service is to be determined.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** PERF; TRF.

**Local Agencies Affected:** Units with members in PERF, and school corporations with members in TRF.

**Information Sources:** Terry Magid, Executive Director of PERF, 317-234-4375; Steve Barley, Chief Operating Officer of PERF, 317-233-4184; Steve Russo, Executive Director of TRF, 317-232-3864; John Dowell, Alliance Benefit Group, 317-803-7832; Julia Pogue, Chief Financial Officer of TRF, 317-234-1591.

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